

From: Sammy Levis
Sent: Thursday, March 03, 2005 9:26 PM
To: Sonia Arroyo; Lorna Soto
Subject: Fw: According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capi

Give Rush to DL

-----Original Message-----

From: Jay Cunningham <JCUNNING@hibernia.com>
To: Sammy Levis <Sammy.Levis@doralfinancial.com>
Sent: Thu Mar 03 16:10:48 2005
Subject: RE: According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capi

Help me here. Worst case is $1700 * 25\% = 425$. Or do I take $321 / .05 = 1284$, take this from 1744 to get 460. Sorry

Jay Cunningham, CFA
 Vice President
 Equity Research
 Hibernia Southcoast Capital
 909 Poydras, Ste. 1000
 New Orleans, LA 70112
 504-593-6110

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>>> "Sammy Levis" <Sammy.Levis@doralfinancial.com> 3/3/2005 1:33:50 PM

>>>

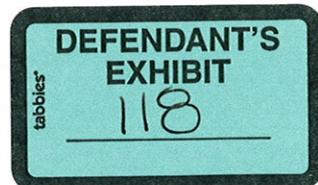
Jay:

A) 1:1 for the portion of the IO that exceeds 25% of Tier I Capital is correct. In your e-mail of 2/18/05 "the excess 25%" was left out. The disallowance for IO's as of 12/31/04 was \$321,587 million. As of 12/31 Doral's Regulatory Capital position was as follows:

	Billion (\$)	Ratio(%)
Total Capital Ratio	1,744,946	18.9
Tier I Capital Ratio	1,705,733	18.5
Tier I Leverage Ratio	1,705,733	11.8

Well in excess of capital requirements.

B) Recourse is very limited and has an inmaterial effect on capital



requiremets.

I am on the road.

Best regards,
Sammy

-----Original Message-----

From: Jay Cunningham [mailto:JCUNNING@hibernia.com]
Sent: Thursday, March 03, 2005 10:48 AM
To: Sammy Levis
Subject: According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capital

According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capital at 1:1 for the portion of the IO that exceeds 25% of Tier I capital. Further, it can be argued that indeed you need 1:1 capital on the IO (per the OCC statement).

What level of recourse do you bear on these securitizations? Can you send me documents related to recent securitizations Are the IOs you book considered credit enhancing What are the credit enhancements provided in the securitizations It appears, as I have stated before, that you have about \$6 billion in supporting balances for the IO. It further appears that these would carry a 100% conversion factor. Can you please explain your 30% required capital answer further. I am rather convinced that you need 1:1. Therefore, I dont not believe that your excess capital position is that large. Further, and assuming that you can have the margins you have stated, I believe you will need more equity in 2005

Jay

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